

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2223

Introduced by Assembly Member Gray

February 18, 2016

An act to amend Section 39719 of the Health and Safety Code, relating to greenhouse gases, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2223, as amended, Gray. Greenhouse Gas Reduction Fund: ~~manure~~ dairy digesters.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include ~~in regulations implementing the act~~ the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. *Existing law continuously appropriates 60% of the annual proceeds of the fund for transit, affordable housing, sustainable communities, and high-speed rail purposes.*

~~Existing law defines a “renewable electrical generation facility” for purposes of the California Renewables Portfolio Standard Program to include facilities that use, among other renewable energy resources, digester gas.~~

This bill would continuously appropriate \$100,000,000 annually from the ~~Greenhouse Gas Reduction Fund~~ fund to the state board to make

~~manure digester market development payments for electricity produced from California-generated manure by California-based manure digesters. Department of Food and Agriculture to provide incentives for the implementation of dairy digesters and other dairy methane reduction projects and management practices, thereby making an appropriation.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*

3 *(a) The State Air Resources Board has embarked on an*
4 *ambitious strategy to reduce dairy methane emissions. These*
5 *voluntary reductions cannot begin to be achieved unless the state*
6 *provides a substantial and ongoing financial commitment to offset*
7 *the costs of achieving these reductions.*

8 *(b) Dairy methane reduction projects are among the most*
9 *cost-effective investments the state can make to reduce greenhouse*
10 *gas emissions.*

11 *(c) Investments in dairy digesters and other methane reduction*
12 *projects on dairies in the state will provide significant greenhouse*
13 *gas and short-lived climate pollutant emissions reductions, as well*
14 *as all of the following:*

15 *(1) Significant benefits to disadvantaged communities, as*
16 *identified pursuant to Section 39711 of the Health and Safety Code,*
17 *including criteria pollutant reductions, water quality improvements,*
18 *and nuisance and odor control.*

19 *(2) Help in achieving a 50 percent reduction in petroleum use*
20 *by replacing diesel with renewable natural gas.*

21 *(3) Furtherance of the California Sustainable Freight Action*
22 *Plan.*

23 *(4) Substantial clean energy production, including renewable*
24 *electricity, renewable natural gas, and renewable carbon-negative*
25 *transportation fuel.*

26 *(5) Increased decarbonization of the state's natural gas system.*

27 *(6) Job creation and economic development in*
28 *high-unemployment rural communities.*

29 *(7) Significant greenhouse gas emissions offsets and credit*
30 *production pursuant to the Low Carbon Fuel Standard regulation*

1 *(Subarticle 7 (commencing with Section 95480) of Article 4 of*
2 *Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the*
3 *California Code of Regulations).*

4 *(8) Significant water quality benefits from advancements in*
5 *manure management.*

6 SEC. 2. *Section 39719 of the Health and Safety Code is*
7 *amended to read:*

8 39719. (a) The Legislature shall appropriate the annual
9 proceeds of the fund for the purpose of reducing greenhouse gas
10 emissions in this state in accordance with the requirements of
11 Section 39712.

12 (b) To carry out a portion of the requirements of subdivision
13 (a), annual proceeds are continuously appropriated for the
14 following:

15 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
16 Section 13340 of the Government Code, 35 percent of annual
17 proceeds are continuously appropriated, without regard to fiscal
18 ~~years, year,~~ for transit, affordable housing, and sustainable
19 communities programs as ~~following:~~ *follows:*

20 (A) Ten percent of the annual proceeds of the fund is hereby
21 continuously appropriated to the Transportation Agency for the
22 Transit and Intercity Rail Capital Program created by Part 2
23 (commencing with Section 75220) of Division 44 of the Public
24 Resources Code.

25 (B) Five percent of the annual proceeds of the fund is hereby
26 continuously appropriated to the Low Carbon Transit Operations
27 Program created by Part 3 (commencing with Section 75230) of
28 Division 44 of the Public Resources Code. ~~Funds Moneys~~ shall be
29 allocated by the Controller, according to requirements of the
30 program, and pursuant to the distribution formula in subdivision
31 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
32 the Public Utilities Code.

33 (C) Twenty percent of the annual proceeds of the fund is hereby
34 continuously appropriated to the Strategic Growth Council for the
35 Affordable Housing and Sustainable Communities Program created
36 by Part 1 (commencing with Section 75200) of Division 44 of the
37 Public Resources Code. Of the amount appropriated in this
38 subparagraph, no less than 10 percent of the annual ~~proceeds;~~
39 *proceeds* shall be expended for affordable housing, consistent with
40 the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

- (A) Acquisition and construction costs of the project.
- (B) Environmental review and design costs of the project.
- (C) Other capital costs of the project.
- (D) Repayment of any loans made to the authority to fund the project.

(3) Beginning in the 2016–17 fiscal year, notwithstanding Section 13340 of the Government Code, the sum of one hundred million dollars (\$100,000,000) is hereby continuously appropriated, without regard to fiscal year, to the Department of Food and Agriculture to provide incentives for the implementation of dairy digesters and other dairy methane reduction projects and management practices.

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

~~SECTION 1. Notwithstanding Section 13340 of the Government Code, the sum of one hundred million dollars (\$100,000,000) annually is hereby continuously appropriated from the Greenhouse Gas Reduction Fund created pursuant to Section 16428.8 of the Government Code to the State Air Resources Board to make manure digester market development payments of up to \$_____ per kW of electricity produced from California-generated manure by California-based manure digesters.~~